

REDTONE INTERNATIONAL BERHAD

Incorporated in Malaysia: 596364-U

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 MAY 2012

REDTONE INTERNATIONAL BERHAD

(Company No: 596364-U)

The Directors are pleased to announce the unaudited results for the fourth quarter ended 31 May 2012.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 MAY 2012**

	Note	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED	AUDITED
		1 Mar 12 to 31 May 12 CURRENT QUARTER RM'000	1 Mar 11 to 31 May 11 PRECEDING YEAR CORRESPONDING QUARTER RM'000	1 Jun 11 to 31 May 12 CURRENT YEAR TO DATE RM'000	1 Jun 10 to 31 May 11 PRECEDING YEAR CORRESPONDING YEAR TO DATE RM'000
Revenue	A14 (B)	22,736	23,035	106,976	89,573
Cost of sales		(15,865)	(16,784)	(75,340)	(61,341)
Gross profit		6,871	6,251	31,636	28,232
Other income	A15	9,081	1,793	13,726	4,159
General and administrative expenses		(10,352)	(13,845)	(31,556)	(34,105)
Provisions		(972)	(57)	(1,677)	(816)
Gain on foreign exchange		356	411	215	266
Earnings Before Interest, Tax, Depreciation And Amortisation		4,984	(5,447)	12,344	(2,264)
Interest (expenses)/income (net)	A16	(186)	(194)	(784)	(707)
Depreciation and amortisation		(1,895)	(1,990)	(8,326)	(8,029)
Profit/(loss) before taxation	A17	2,904	(7,631)	3,235	(11,001)
Taxation	A18	(386)	(237)	(1,374)	(1,260)
Profit/(loss) for the period		2,518	(7,868)	1,861	(12,261)
Other comprehensive income/(expenses), net of tax - Foreign currency translation		170	279	161	(1,435)
Total comprehensive income/(expenses) for the financial period		2,687	(7,589)	2,021	(13,696)
<u>Profit/(loss) for the period attributable to:-</u>					
Equity holders of the company		2,471	(8,014)	2,149	(11,715)
Non-controlling interests		46	146	(288)	(546)
		2,518	(7,868)	1,861	(12,261)
<u>Total comprehensive income/(expenses) attributable to :-</u>					
Equity holders of the company		2,641	(7,735)	1,876	(13,055)
Non-controlling interests		46	146	146	(641)
		2,687	(7,589)	2,021	(13,696)
Basic Profit/(loss) per share (sen)	A19	0.52	(1.83)	0.46	(2.67)

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for year ended 31 May 2011.

REDTONE INTERNATIONAL BERHAD
(Company No: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2012

	Note	UNAUDITED AS AT 31 May 2012 RM'000	AUDITED AS AT 31 May 2011 RM'000
ASSETS			
Non-Current Assets			
Investment in associates - quasi Loan		20,235	16,502
Property, plant and equipment		32,637	34,279
Investment property		1,129	1,039
Deferred tax assets		3,943	4,668
Other investment	A20	50	10
Goodwill		8,006	9,020
Development costs		10,567	15,752
		<u>76,567</u>	<u>81,270</u>
Current Assets			
Inventories		672	2,308
Trade receivables		13,313	17,448
Other receivables, deposits and prepayments		27,466	4,292
Tax recoverable		-	386
Other investment	A20	999	934
Deposit with licensed banks		17,536	10,041
Cash and bank balances		4,054	17,886
		<u>64,040</u>	<u>53,295</u>
TOTAL ASSETS		140,607	134,565
EQUITY AND LIABILITIES			
Equity			
Share capital		47,564	44,778
Treasury shares		(349)	(311)
Reserves		32,368	29,933
Total Equity Attributable To Owners Of The Company		<u>79,583</u>	<u>74,400</u>
Non-controlling interests		7,817	7,013
Total Equity		<u>87,400</u>	<u>81,413</u>
Non-Current Liabilities			
Irredeemable convertible unsecured loan stocks ("ICULS")		3,576	4,555
Finance lease payables		403	574
Hire purchase payable		42	69
Term loans		1,900	1,865
Deferred taxations		106	148
		<u>6,027</u>	<u>7,211</u>
Current Liabilities			
Deferred income		8,173	7,968
Trade payables		17,163	16,493
Other payables and accruals		17,247	15,552
Finance lease payables		428	1,955
Hire purchase payable		27	27
Term loans		109	109
Current tax payables		1,592	614
Bank overdraft		2,441	3,223
		<u>47,180</u>	<u>45,941</u>
Total Liabilities		<u>53,207</u>	<u>53,152</u>
TOTAL EQUITY AND LIABILITIES		140,607	134,565
Net assets per share (sen)		<u>18.38</u>	<u>18.18</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for year ended 31 May 2011.

REDTONE INTERNATIONAL BERHAD
(Company No: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FOURTH QUARTER ENDED 31 MAY 2012

	12 MONTHS CURRENT FINANCIAL PERIOD 1 Jun 11 to 31 May 12 RM'000	12 MONTHS PRECEDING FINANCIAL PERIOD 1 Jun 10 to 31 May 11 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	3,235	(11,000)
Adjustments for:		
Non cash items	97	13,655
Non operating items	728	662
Operating profit before working capital changes	4,059	3,317
Net changes in current assets	(45,951)	(4,257)
Net changes in current liabilities	46,459	(8,121)
	4,568	(9,061)
Interest paid	(674)	(595)
Tax paid	(943)	(462)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	2,951	(10,118)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	616	775
Acquisition of subsidiaries, net of cash and cash equivalent	-	(2,526)
Net proceeds from disposal of subsidiaries, net of cash and cash equivalent	(108)	-
Proceeds from disposal of other investment	-	22
Purchase of other investments	(105)	(944)
Purchase of property, plant and equipment	(7,569)	(5,058)
Expenditure of intangible assets	(1,169)	(3,387)
NET CASH USED IN INVESTING ACTIVITIES	(8,335)	(11,118)
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of treasury shares	(38)	(219)
Drawdown of finance lease	514	-
Repayment of finance lease payables	(2,212)	(2,967)
Repayment of term loans	35	(109)
Repayment of hire purchase obligations	(27)	(27)
Proceeds from exercise of employee's share options	1,255	-
NET CASH USED IN FINANCING ACTIVITIES	(473)	(3,322)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,857)	(24,558)
EFFECTS OF EXCHANGE RATE CHANGES	303	309
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	24,704	48,953
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	19,150	24,704
Cash and cash equivalents comprise of:		
Cash and bank balances	4,054	17,886
Deposits with licensed banks	17,536	10,041
	21,590	27,927
Bank overdraft	(2,441)	(3,223)
Total cash and cash equivalents	19,149	24,704

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for year ended 31 May 2011.

REDTONE INTERNATIONAL BERHAD

(Co number: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 MAY 2012

<-----NON DISTRIBUTABLE----->

	SHARE CAPITAL	TREASURY SHARES	ICULS	SHARE PREMIUM	FOREIGN EXCHANGE TRANSLATION RESERVES	CAPITAL RESERVE	WARRANTS RESERVE	ESOS RESERVE	ACCUMULATED LOSSES	ATTRIBUTABLE TO OWNER OF THE THE COMPANY	NON- CONTROLLING INTERESTS	TOTAL EQUITY	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 June 2011	44,778	(311)	12,007	9,404	(1,878)	343	19,331	1,721	(10,995)	74,400	7,013	81,413	
Foreign currency translation, net expense recognised directly in equity	-	-	-	-	303	-	-	-	-	303	(142)	161	
Profit for the period	-	-	-	-	-	-	-	-	2,149	2,149	288	2,436	
Total comprehensive loss for the period	-	-	-	-	303	-	-	-	2,149	2,452	146	2,598	
Treasury shares acquired	-	(38)	-	-	-	-	-	-	-	(38)	-	(38)	
Issuance of ordinary shares, pursuant to conversion of ICULS	1,996	-	(1,927)	(69)	-	-	-	-	-	-	-	-	
Issuance of ordinary shares, pursuant to exercise of ESOS	790	-	-	1,627	-	-	-	697	-	3,114	-	3,114	
Accrediton arising from disposal of stake to non-controlling interest	-	-	-	-	#	(343)	-	-	-	(343)	657	314	
At 31 May 2012	47,564	(349)	10,080	10,962	#	(1,575)	-	19,331	2,418	(8,846)	79,585	7,816	87,400

REDTONE INTERNATIONAL BERHAD

(Co number: 596364-U)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2011 (AUDITED)

<-----NON DISTRIBUTABLE----->

	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	ICULS RM'000	SHARE PREMIUM RM'000	FOREIGN EXCHANGE TRANSLATION RESERVES RM'000	CAPITAL RESERVE RM'000	WARRANTS RESERVE RM'000	ESOS RESERVE RM'000	ACCUMULATED LOSSES RM'000	ATTRIBUTABLE TO OWNER OF THE THE COMPANY RM'000	NON- CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 June 2010	43,181	(92)	13,666	9,342	(484)	343	19,331	-	7,525	92,812	475	93,287
Effect of dilution arising from investment in subsidiaries	-	-	-	-	(41)	-	-	-	(6,806)	(6,847)	6,847	-
	43,181	(92)	13,666	9,342	(525)	343	19,331	-	719	85,965	7,322	93,287
Foreign currency translation, net expense recognised directly in equity	-	-	-	-	(1,353)	-	-	-	-	(1,353)	(641)	(1,994)
Loss for the period	-	-	-	-	-	-	-	-	(11,714)	(11,714)	332	(11,382)
Total comprehensive loss for the period	-	-	-	-	(1,353)	-	-	-	(11,714)	(13,067)	(309)	(13,376)
Treasury shares acquired	-	(219)	-	-	-	-	-	-	-	(219)	-	(219)
Share options granted under ESOS, recognised in the income statement	-	-	-	-	-	-	-	1,721	-	1,721	-	1,721
Issuance of ordinary shares, pursuant to conversion of ICULS	1,597	-	(1,659)	62	-	-	-	-	-	-	-	-
At 31 May 2011	44,778	(311)	12,007	9,404	(1,878)	343	19,331	1,721	(10,995)	74,400	7,013	81,413

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for year ended 31 May 2011.

REDTONE INTERNATIONAL BERHAD

(Co number:596364-U)

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 MAY 2012

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of the Financial Reporting Standard (FRS) 134: Interim Financial Reporting (previously known as MASB 26) issued by the Malaysian Accounting Standards Board ("MASB") and ACE Listing Requirements of the BMSB.

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 May 2011.

The following notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

A2. Changes in accounting policies

The Group has applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year.

(a) FRS 3 (revised) "Business Combinations"

FRS 3 (revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2011 consolidated financial statements.

(b) FRS 127 (revised) "Consolidated and Separate Financial Statements"

FRS 127 (revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the non-controlling interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting of its future transactions or arrangements.

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year.

FRS 124 (revised)	Related Party Disclosures
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement
IC Interpretation 15 Agreements for the Construction of Real Estate	
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations.

A3. Qualification of financial statements

There were no audit qualification on the audited financial statements for Company and the subsidiaries for the financial year ended 31 May 2011.

A4. Nature and amount of exceptional and extraordinary items

There were no exceptional or extraordinary items during the current quarter under review.

A5. Changes in estimates

There were no material changes in estimates for the quarter ended 31 May 2012.

A6. Property, plant and equipment

During the quarter under review, the Group did not revalue any of its property, plant and equipment.

A7. Changes in the composition of the group

There are no changes in the composition of the Group during the quarter except for the following:

On 20 April 2012, the Company entered into a Share Sale Agreement and Shareholders Agreement with Swift Bell Consolidated Sdn. Bhd. ("SBCSB") for the divestment of 80 ordinary shares of RM1.00 each, representing 80% of the total paid-up capital of its wholly owned subsidiary, REDtone Multimedia Sdn Bhd, to SBCSB for a total cash consideration of RM1.00.

On 7th June 2012, the Company had sold the entire balance of 20 ordinary shares of RM1.00 each, representing 20% of the total paid up capital of REDtone Multimedia Sdn Bhd to CCSB Consulting Sdn Bhd for a total cash consideration of RM1.00.

A8. Seasonality or cyclical of interim operations

The Group's operations are not significantly affected by any seasonal or cyclical factors during the period under review.

A9. Debt and equity securities

There were no issuances and repayment of debts and equity securities, share buy-back, share cancellation, shares held as treasury shares for the quarter ended 31 May 2012 except for the following:

(a) Share capital

	Ordinary share of RM0.10 each	
	No of shares	RM
Share capital - issued and fully paid up as at 1.3.2012	474,019,565	47,401,957
Arising from conversion of ICULS	1,406,000	140,600
Arising from exercise of ESOS	215,000	21,500
Share capital as at 31.5.2012	<u>475,640,565</u>	<u>47,564,057</u>

(b) Share buy-back

There was no share buy-back transacted during the quarter ended 31 May 2012. Shares purchased to date totalling 1,654,900 ordinary shares of RM 0.10 each were held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and stated at cost.

A10. Contingent liabilities

Contingent Liabilities of the Group comprise the following:-

	RM'000
<u>Secured</u>	
Bank guarantee given to third parties for infrastructure works	<u>1,646</u>

A11. Off balance sheet financial instruments

There is no off balance sheet financial instruments as at the date of this report.

A12. Dividends

There were no dividends declared or paid by the company for the current quarter under review.

A13. Material events subsequent to the end of the reporting period

There were no material transactions or events subsequent to the current quarter ended 31 May 2012 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) except for the following:

On 12 June 2012, the Company announced that its wholly owned subsidiary, REDtone Technology Sdn Bhd ("RT") and Mobile Money International Sdn Bhd ("Mobile Money") had executed a Supplemental Letter of Agreement ("SAA") to revise the terms of the consideration payable by Mobile Money to RT, for the assignment by RT of its intellectual property rights, in respect of the Licensed Software as stated in the assignment agreement dated 28 March 2006. The SAA is conditional upon a resolution being passed by the shareholders.

On 13 July 2012, the Company announced that its wholly owned subsidiary, REDtone Marketing Sdn Bhd ("RMKT") entered into a Network Sharing and Alliance Agreement with Maxis Broadband Sdn Bhd ("Maxis") in relation to infrastructure sharing and alliance on the 2600Mhz spectrum ("LTE Spectrum"). This alliance is in-line with the Government's call to maximize the usage of scarce spectrum resource by combining the respective block of LTE Spectrum to roll out the fastest mobile broadband service using the latest LTE technology. Maxis will also provide to REDtone certain mobile telecommunication services traffic capacity on a wholesale basis.

A14. Segment information

A) The segment information for the reportable segments by country for the twelve months ended 31 May 2012 and its comparative figures are as follows:-

	Malaysia RM'000	Singapore RM'000	The People's Republic Of China RM'000	Total RM'000
For the 12 months ended 31 May 2012				
Revenue	80,803	13	26,160	106,976
Cost of sales	(59,114)	(1)	(16,225)	(75,340)
Gross profit	21,689	12	9,935	31,636
Expenses	(26,507)	(134)	(6,377)	(33,018)
Other income	13,389	-	337	13,726
EBITDA	8,571	(122)	3,895	12,344
Interest (expense)/Income, net	(1,100)	(3)	319	(784)
Depreciation and amortisation	(6,753)	-	(1,573)	(8,326)
Profit/(Loss) before tax	718	(125)	2,641	3,234
Income tax expenses	(349)	-	(1,025)	(1,374)
Profit/(Loss) after taxation	369	(125)	1,616	1,860

	Malaysia RM'000	Singapore RM'000	The People's Republic Of China RM'000	Total RM'000
For the 12 months ended 31 May 2011				
Revenue	73,239	64	16,270	89,573
Cost of sales	(54,109)	(2)	(7,230)	(61,341)
	19,130	62	9,040	28,232
Expenses	(29,430)	35	(5,260)	(34,655)
Other income	3,362	-	797	4,159
EBITDA	(6,938)	97	4,577	(2,264)
Interest (expense)/Income, net	(1,020)	(1)	314	(707)
Depreciation and amortisation	(6,950)	-	(1,079)	(8,029)
(Loss)/profit before tax	(14,908)	96	3,812	(11,000)
Income tax expenses	(262)	-	(998)	(1,260)
(Loss)/profit after taxation	(15,170)	96	2,814	(12,260)

B) The segment information for the reportable segments by line of business for the twelve months ended 31 May 2012 and its comparative figures are as follows:-

	UNAUDITED Individual Quarter		UNAUDITED Cumulative Quarter	AUDITED Cumulative Quarter
	1 Mar 12 to 31 May 12 RM'000	1 Mar 11 to 31 May 11 RM'000	1 Jun 11 to 31 May 12 RM'000	1 Jun 10 to 31 May 11 RM'000
Revenue by line of business:-				
Communication services	20,322	22,009	88,623	84,553
Computer-telephony and other related products and services	2,346	957	18,109	400
Digital television services	68	69	244	4,620
	22,736	23,035	106,976	89,573
Profit/(loss) before taxation by line of business:-				
Communication services	2,742	(4,273)	6,020	(4,395)
Computer-telephony and other related products and services	474	(233)	1,230	(21)
Digital television services	(313)	(3,125)	(4,016)	(6,584)
	2,904	(7,631)	3,235	(11,001)

A15 Other income

	UNAUDITED		UNAUDITED	AUDITED
	Individual Quarter		Cumulative Quarter	
	1 Mar 12 to 31 May 12	1 Mar 11 to 31 May 11	1 Jun 11 to 31 May 12	1 Jun 10 to 31 May 11
	RM'000	RM'000	RM'000	RM'000
Net gain from de-consolidation arising from divestment of subsidiary companies	8,438	-	10,880	-
Net income from investment in trust fund	13	11	156	13
Net loss on measurement and dilution	-	-	-	(185)
Net gain on conversion and amortisation of irredeemable convertible unsecured loan stock	227	402	979	1,050
Fair value gain on investment properties	90	169	90	169
Loss on disposal of fixed asset	(11)	-	(11)	-
Miscellaneous income	324	1,211	1,632	3,112
	<u>9,081</u>	<u>1,793</u>	<u>13,726</u>	<u>4,159</u>

A16 Finance (expenses)/income (net)

	UNAUDITED		UNAUDITED	AUDITED
	Individual Quarter		Cumulative Quarter	
	1 Mar 12 to 31 May 12	1 Mar 11 to 31 May 11	1 Jun 11 to 31 May 12	1 Jun 10 to 31 May 11
	RM'000	RM'000	RM'000	RM'000
Breakdown:				
Finance income	206	140	616	775
Finance expense :				
Leasing interest	(26)	(85)	(283)	(376)
Bank overdraft interest	(73)	(28)	(251)	(212)
Term loan interest	(156)	(12)	(192)	(48)
Hire purchase interest	(1)	(1)	(4)	(4)
ICULS liability component interest	(136)	(208)	(670)	(842)
	<u>(392)</u>	<u>(334)</u>	<u>(1,400)</u>	<u>(1,482)</u>
	<u>(186)</u>	<u>(194)</u>	<u>(784)</u>	<u>(707)</u>

A17 Profit/(loss) before tax

	UNAUDITED		UNAUDITED	AUDITED
	Individual Quarter		Cumulative Quarter	
	1 Mar 12 to 31 May 12	1 Mar 11 to 31 May 11	1 Jun 11 to 31 May 12	1 Jun 10 to 31 May 11
	RM'000	RM'000	RM'000	RM'000
Audit fee	121	253	685	943
Amortisation of development cost	547	778	2,995	3,536
Bad debts written off	9	708	50	720
Depreciation of property, plant and equipment	1,348	1,212	5,331	4,493
(Gain)/loss on foreign exchange				
-realised	(4)	92	68	155
-unrealised	(352)	(50)	(283)	(421)
Impairment loss/(write back) on trade receivables	462	(150)	662	(72)
Licence fee	54	(26)	213	184
Rental of computer	62	68	337	234
Rental of office	232	218	904	699
Salaries, wages and allowances	3,393	4,189	13,726	13,052
	<u>3,393</u>	<u>4,189</u>	<u>13,726</u>	<u>13,052</u>

A18 Taxation

	UNAUDITED		UNAUDITED	AUDITED
	Individual Quarter		Cumulative Quarter	
	1 Mar 12 to 31 May 12	1 Mar 11 to 31 May 11	1 Jun 11 to 31 May 12	1 Jun 10 to 31 May 11
	RM'000	RM'000	RM'000	RM'000
Current period provision	<u>386</u>	<u>237</u>	<u>1,374</u>	<u>1,260</u>

Current quarter tax was mainly due to the tax provision relating to subsidiary companies operating in China.

A19. Profit/(loss) per share

Basic profit/(loss) per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	UNAUDITED Individual Quarter		UNAUDITED	AUDITED
	1 Mar 12 to 31 May 12	1 Mar 11 to 31 May 11	Cumulative Quarter 1 Jun 11 to 31 May 12	1 Jun 10 to 31 May 11
Basic profit/(loss) per share				
Profit/(loss) attributable to equity holders of the company	2,471	(8,014)	2,149	(11,715)
Weighted average number of ordinary shares in issue ('000)	476,450	439,476	476,450	439,476
Basic profit/(loss) per share (sen)	<u>0.52</u>	<u>(1.83)</u>	<u>0.46</u>	<u>(2.67)</u>

A20. Other investments

	UNAUDITED 31 May 12 RM'000	AUDITED 31 May 11 RM'000
Unquoted in Malaysia		
Investment in unquoted shares, at cost	50	10
Unquoted outside Malaysia		
Investment in trust fund, at cost	999	934
Total other investments as at 31 May 2012	<u>1,049</u>	<u>944</u>

A21. Group Borrowings

As at 31 May 2012, total borrowings of the Group are as follows:

	UNAUDITED 31 May 12 RM'000	AUDITED 31 May 11 RM'000
<u>Total Secured Borrowings:-</u>		
Leasing facility from IBM Malaysia Sdn. Bhd. and Cisco System Capital Sdn. Bhd. which are denominated in Ringgit Malaysia	831	2,529
Fixed loan facility from Public Bank Bhd. which are denominated in Ringgit Malaysia	2,009	1,974
Hire purchase facility from Public Bank Bhd. which are denominated in Ringgit Malaysia	69	96
Bank overdraft from HSBC Bank Malaysia Berhad, which are denominated in Ringgit Malaysia	2,441	3,223
	<u>5,350</u>	<u>7,822</u>

REDTONE INTERNATIONAL BERHAD
(Co number:596364-U)

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1. Review of group performance for fourth quarter ended 31 May 2012

For the quarter under review, the Group reported a revenue of RM22.74 million, representing an decrease of RM0.3 million compared to preceding year's corresponding quarter.

The Group profit before taxation for Q4 FYE 2012 was RM2.9 million as compared to loss before taxation of RM7.63 million for the preceding year's corresponding quarter, it represent increased in profit of RM10.53million. The increase in profit before tax mainly due to gain from deconsolidation arising from the divestment of 80% shareholding in REDtone Multimedia Sdn Bhd of approximately RM8.4million.

B2. Prospects and business outlook

The Board of directors is pleased to announce that the Group's repositioning from primarily a voice business into data and broadband has shown encouraging results since Q2 FYE 2012 and FYE 2012 is also the year where the Group returned to profitability after recording losses for the past four years.

For the current financial year ending 31 May 2013 ("FYE 2013"), the Board has put in placed a few strategies to further improve the Group's profit. Data and broadband services, which include the Group's approximately 4,500 Wifi hotspot, will continue to be the main contributor to the Group's profit for the FYE 2013, while the Voice business segment will continue to be the Group's cash cow. In addition, the Group will continue to tender for government data and broadband projects that have high yield. The Group's China operation faced stiff competition but it will continue to contribute to the Group's profit and cashflow.

The Group's profit for the FYE 2013 will be further strengthened by the recent infrastructure and network sharing agreement with Maxis Broadband Sdn Bhd as the Group expects the infrastructure and network sharing to contribute positively to the Group's earning for FYE 2013 and the next 10 years .

In addition, the Group will continue to bid for Government tender for data and broadband projects which provide steady stream of revenue and the Group has recently submitted a bid for the tender of a major infrastructure project called by the Malaysia Communications and Multimedia Commission.

Lastly, with the divestment of the Group's three (3) of its non-core and loss-making businesses ie REDtone Mobile Sdn Bhd, REDtone Software Sdn Bhd and REDtone Multimedia Sdn Bhd in FYE 2012, the Group profitability from FYE 2012 onwards will not be affected by these loss-making businesses.

Subject to a favourable outcome of the measures and strategies outlined above, the Group expects the overall results and cashflows for FYE 2013 will be positive with a strong growth compared to the financial year ended 31 May 2012.

B3. Material changes in profit before taxation compared to the preceding quarter

	4th Quarter 31 May 12 RM'000	3rd Quarter 29 Feb 12 RM'000
Revenue	22,736	23,578
Profit before taxation and non-controlling interest	2,904	888

For Q4 FYE 2012, the Group registered a turnover of RM22.74 million compared to RM23.58 million for the quarter ended 29 February 2012 ("Q3 FYE 2012"). The decrease of approximately 4% is mainly due to decrease in revenue contributed by consumer business in China.

The Group recorded a profit before tax of RM2.9 million for Q4 FYE 2012 as compared to RM0.89 million for Q3 FYE 2012. The improvement in profit before tax was contributed by net deconsolidation gain arising from divestment of subsidiary company REDtone Multimedia Sdn Bhd of approximately RM3.4million though there was ESOS expenses of approximately RM1.8million.

B4. Profit forecast

No profit forecast was announced.

B5. Profit on sale of unquoted investments and/or properties

There were no disposal of unquoted investment and/or properties for the current quarter and financial year to date.

B6. Material litigation

On 30 August 2010, the Company announced that Redtone Technology Sdn Bhd ("RT") and Redtone Telecommunications Sdn Bhd ("RTC") lodged a Notice of Dispute to the Singapore International Arbitration Centre following the default of payment of the purchase consideration by Quantum Global Network Inc ("Quantum") for the acquisition of Redtone Telecommunications (Pakistan) Pte Ltd.

A sole arbitrator was appointed on 1 March 2011 for the above-mentioned arbitration. RT and RTC filed a statement of claim on 25 May 2011 and Quantum filed a counterclaim against RT and RTC on 6 September 2011. RT and RTC filed their response and defence to the counterclaim on 19 April 2012 and had meanwhile also sought directions from the Arbitrator on amending their Statement of Claims to include an additional claim and is now awaiting the Arbitrator's directions for the additional inclusion.

B7. Corporate proposals

There are no corporate developments for the current quarter under review, except for the following:

- 1) On 14 March 2012, the Company announced that its wholly-owned subsidiary, REDtone Marketing Sdn Bhd had entered into a High Speed Broadband Collaboration Agreement with Telekom Malaysia.

Under the agreement, TM will be providing the HSBB (Access) and HSBB (Transmission) services to REDtone whereby REDtone will have access to all 1.3 million premises covered by the HSBB services nationwide. The HSBB access will provide REDtone the opportunity to widen its service offerings to the small and medium enterprise (SME) segment.

- 2) On 23 April 2022, the Company announced the appointment of a new independent non-executive director, namely Dato' Mohd Zaini Hassan.

B8. Utilisation of rights proceeds

On 23 August 2010, the Company announced that there will be a revision to the utilisation of proceeds from the renounceable rights issue of RM40,611,633 nominal value of 10-year 2.75% irredeemable convertible unsecured loan stocks ("Rights Issue").

The proceeds raised from the Rights Issue which was allocated for the capital expenditure for wireless infrastructure shall now be utilised for the working capital of the broadband for office and IPTV operations of the Group.

As at 31 May 2012, the status of the utilisation of proceeds from the Rights Issue is as follows:

Details of Utilisation	Approved RM'000	Revised RM'000	Actual RM'000	Intended Timeframe for	Deviation RM'000	%
Capital Expenditure	38,210	23,210	21,925	Within 3 years	-	N/A
Working Capital	1,802	16,802	15,690	Within 1 year	-	N/A
Estimated expenses for the Rights Issue	600	600	596	Within 1 year	-	N/A
Total	40,612	40,612	38,211		-	